

R E P O R T

LOUISE S. DAVIS
DEVELOPMENTAL CENTER, INC.

JUNE 30, 2002 AND 2001

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12/24/02

LOUISE S. DAVIS
DEVELOPMENTAL CENTER, INC.

JUNE 30, 2002 AND 2001

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INDEPENDENT AUDITORS' REPORT

September 5, 2002

Board of Directors

Louise S. Davis Developmental Center, Inc.
11118 Lake Forest Blvd.
New Orleans, LA 70127

We have audited the accompanying statements of financial position of Louise S. Davis Developmental Center, Inc. as of June 30, 2002 and 2001, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louise S. Davis Developmental Center, Inc. as of June 30, 2002 and 2001, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated September 5, 2002 on our consideration of Louise S. Davis Developmental Center, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Duplantier, Hrapmann, Hogan & Maher, L.L.P.

LOUISE S. DAVIS DEVELOPMENTAL CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2002 AND 2001

	2002	2001
ASSETS		
CURRENT ASSETS:		
Cash (Notes 1 and 3)	\$ 217,224	\$ 80,289
Cash - restricted (Notes 1 and 3)	90,603	26,151
Certificates of deposit	—	181,587
Accounts receivable (Note 1)	203,803	283,797
Prepaid expenses	4,682	3,747
Total current assets	<u>516,312</u>	<u>\$ 475,471</u>
PROPERTY AND EQUIPMENT (Note 1)		
Land	562,818	562,818
Buildings and improvements	2,294,288	2,294,288
Transportation equipment	148,138	144,882
Furniture and fixtures	95,344	95,344
Equipment	230,648	235,736
	<u>3,331,236</u>	<u>3,333,068</u>
Less accumulated depreciation	<u>(1,365,875)</u>	<u>(1,298,937)</u>
Net property and equipment	<u>1,965,361</u>	<u>1,211,987</u>
OTHER ASSETS:		
Deposits	13,271	11,271
Due from others (Note 3)	—	172,851
Total other assets	<u>13,271</u>	<u>184,122</u>
TOTAL ASSETS	<u>\$ 1,879,346</u>	<u>\$ 1,879,636</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 78,608	\$ 37,648
Cash overdrafts	18,142	78,171
Accrued expenses	44,448	45,116
Notes payable (Note 2)	826,156	798,647
Funds held for others (Note 3)	58,682	54,445
Accrued leave payable (Note 3)	48,387	58,498
Due to Government	14,798	15,685
Total current liabilities	<u>1,069,821</u>	<u>1,068,999</u>
LONG-TERM DEBT (Note 2)		
Total liabilities	<u>1,149,821</u>	<u>1,174,158</u>
NET ASSETS:		
Unrestricted	780,472	786,462
Total net assets	<u>780,472</u>	<u>786,462</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,879,346</u>	<u>\$ 1,879,636</u>

See accompanying notes.

LOUISE S. DAVIS DEVELOPMENTAL CENTER, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2002 AND 2001

	2002	2001
UNRETRACTED NET ASSETS		
REVENUE AND SUPPORT: (Note 1)		
Governmental funding	\$ 2,515,515	\$ 1,568,869
Gifts/contributions (Note 1b)	6,289	11,415
Gift from estate (Note 5)	—	172,851
Grants	—	5,800
Interest	5,211	6,290
Class fee	211,129	221,268
Fund raising income	30,815	79,817
Miscellaneous	11,734	15,495
Total revenue and support	<u>2,883,653</u>	<u>1,982,405</u>
EXPENSES:		
Program	2,448,875	1,432,715
Administrative	440,211	447,812
Fund raising	17,315	9,211
Total expenses	<u>2,906,391</u>	<u>1,889,738</u>
DECREASE IN UNRETRACTED NET ASSETS	<u>(95,906)</u>	<u>(41,481)</u>
NET ASSETS AT BEGINNING OF YEAR	<u>796,462</u>	<u>839,943</u>
NET ASSETS AT END OF YEAR	<u>\$ 700,556</u>	<u>\$ 798,462</u>

See accompanying notes.

LOUISE S. DAVIS DEVELOPMENTAL CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2002

	<u>Program</u>	<u>Administration</u>	<u>Fund Building</u>	<u>Total</u>
Advertising	\$ --	\$ 179	\$ --	\$ 175
Automobile	19,784	--	--	19,784
Bank charges	--	1,000	--	1,000
Clean personal needs	16,036	--	--	16,036
Clothing	4,601	--	--	4,601
Depreciation	60,178	11,667	147	71,992
Employee benefits	96,117	16,646	328	113,091
Food and dietary	38,879	--	5,817	44,696
Housekeeping	26,399	--	--	26,399
Insurance	66,664	13,624	199	80,487
Interest	--	81,597	--	81,597
Laundry and linen	767	--	--	767
Lease expense (Note 4)	4,796	829	13	5,638
Licenses	2,680	--	--	2,680
Medical	39,019	--	--	39,019
Miscellaneous	--	1,614	4,264	5,878
Office supplies	10,124	1,807	3,104	15,035
Payroll taxes	175,614	28,778	361	204,753
Pension	--	1,648	--	1,648
Plant operations and maintenance	81,443	--	--	81,443
Postage	1,605	286	584	2,475
Printing	647	136	151	934
Professional services	108,165	14,367	178	122,710
Recreation	3,000	--	--	3,000
Salaries	1,488,042	264,155	1,119	1,753,316
State provider fees (Note 5)	187,188	--	--	187,188
Subscriptions	219	--	--	219
Telephone	11,836	1,953	29	13,818
Therapy and training	1,308	--	--	1,308
Therapy and training - continuing project	931	--	--	931
Travel	1,194	--	--	1,194
Utilities	68,181	12,949	153	81,283
	<u>\$ 2,448,009</u>	<u>\$ 443,111</u>	<u>\$ 12,352</u>	<u>\$ 2,903,472</u>

See accompanying notes.

LOUISE S. DAVIS DEVELOPMENTAL CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2002

	<u>Program</u>	<u>Administrative</u>	<u>Fund Raising</u>	<u>Total</u>
Advertising	\$ 384	\$ --	\$ 400	\$ 784
Automobile	28,099	--	--	28,099
Bank charges	--	344	--	344
Cloak (personal needs)	19,611	--	--	19,611
Clothing	4,632	--	--	4,632
Depreciation	76,309	14,282	162	90,753
Employee benefits	47,892	9,688	173	57,753
Food and dietary	67,157	--	4,811	71,968
Housekeeping	14,882	--	--	14,882
Insurance	89,582	18,092	219	107,893
Interest	--	71,158	--	71,158
Laundry and linen	2,896	--	--	2,896
Lease expense (Note 4)	3,134	628	7	3,769
Licenses	2,845	--	--	2,845
Medical	35,397	--	--	35,397
Miscellaneous	3,116	615	7	3,738
Office supplies	12,813	2,497	715	15,995
Payroll taxes	188,582	21,958	215	210,755
Penalty	--	--	--	--
Plant operations and maintenance	79,944	--	--	79,944
Postage	3,794	241	483	4,518
Printing	927	196	2	1,125
Professional services	156,098	19,462	522	176,082
Recreation	3,523	--	--	3,523
Salaries	1,380,131	279,199	3,234	1,662,564
State provider fees (Note 4)	194,172	--	--	194,172
Subscriptions	3,177	--	--	3,177
Telephones	18,979	3,279	26	22,284
Therapy and training	1,338	--	--	1,338
Therapy and training - parenting project	6,473	--	--	6,473
Travel	980	--	--	980
Utilities	79,139	16,013	188	95,340
	<u>\$ 2,422,733</u>	<u>\$ 447,832</u>	<u>\$ 9,302</u>	<u>\$ 2,879,867</u>

See accompanying notes.

LOUISE S. DAVIS DEVELOPMENTAL CENTER, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2002 AND 2001

	<u>2002</u>	<u>2001</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in net assets	\$ (94,499)	\$ (91,481)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	73,184	94,379
(Increase) decrease in operating assets:		
Accounts receivable	(28,396)	(32,581)
Interest receivable	-	4,365
Prepaid expenses	(1,145)	(1,451)
Due from estate	172,051	(71,851)
Deposits	(2,098)	(2,237)
Increase (decrease) in operating liabilities:		
Cash over/short	(85,029)	18,819
Accounts payable	31,151	3,542
Accrued expenses	1,582	2,688
Funds held for others	(3,783)	-
Accrued loans payable	12,581	1,548
Due to government	(1,746)	(18,812)
Net cash provided (used) by operating activities	<u>90,326</u>	<u>(120,809)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of certificates of deposit	-	(7,811)
Proceeds from certificates of deposit	111,587	-
Purchase of property and equipment	(7,524)	(36,576)
Net cash provided (used) by investing activities	<u>104,063</u>	<u>(44,397)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	189,880	-
Repayment of borrowings	(81,886)	(28,176)
Net cash provided (used) by financing activities	<u>107,994</u>	<u>(28,176)</u>
NET INCREASE (DECREASE) IN CASH	<u>22,383</u>	<u>(193,692)</u>
CASH AT BEGINNING OF YEAR	<u>46,360</u>	<u>244,053</u>
CASH AT END OF YEAR	<u>\$ 68,743</u>	<u>\$ 50,361</u>
SUPPLEMENTAL DISCLOSURES:		
Cash paid for:		
Interest	\$ 81,817	\$ 11,129
Income taxes	<u>-</u>	<u>-</u>

See accompanying notes.

LOUISE S. DAVIS DEVELOPMENTAL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002 AND 2001

ORGANIZATION:

Louise S. Davis Developmental Center, Inc. was organized to provide residential and educational services for mentally handicapped individuals. The Center's primary source of revenue is governmental grants.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations*.

The statements of activities present expenses of the Center's operations functionally between program services, fundraising, and administrative. Those expenses which cannot be functionally categorized are allocated between functions based upon management's estimate of usage applicable to conducting those functions.

Statements of Cash Flow:

For purposes of the statements of cash flows, the Center considers cash and cash equivalents to be all items designated as "cash" on the statements of financial position.

Property and Equipment:

Property and equipment are stated at cost, with the exception of donated items, which are stated at fair market value at date of donation. The Center uses the straight-line depreciation method over the useful life of its property. Depreciation expense of \$77,184 and \$84,570 was incurred for the years ended June 30, 2002 and 2001, respectively.

Contributed Services:

Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center.

Volunteers provided fundraising and other services throughout the year that are not recognized as contributions in the financial statements because the recognition criteria under SFAS No. 116 were not met.

LOUISE S. DAVIS DEVELOPMENTAL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002 AND 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Accounts Receivable:

The majority of accounts receivable represents amounts due from the State of Louisiana for grants and contracts to provide services.

The Center has elected to charge the write-off of accounts receivable directly to bad debt expense in the year such accounts are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required by accounting principles generally accepted in the United States of America.

Cash - Restricted:

Cash is restricted in the amount of the funds held for the clients of the Center.

Income Taxes:

The Louise S. Davis Developmental Center, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

2. NOTES PAYABLE:

Louise S. Davis Developmental Center, Inc., was indebted to the following as of June 30, 2002:

Holder	Maturity Date	Interest Rate	Secured In	Amount	Current	Long-Term
Hibernia National Bank	Demand	5.99%	Building	\$ 723,765	\$ 723,765	\$ --
Hibernia National Bank	6/30/06	7.625%	Building	95,187	1,422	91,665
Hibernia National Bank	Demand	9.50%	Building	45,330	45,330	--
Hibernia National Bank	3/31/02	5.75%	Building	47,680	47,680	--

LOUISE S. DAVIS DEVELOPMENTAL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
(JUNE 30, 2002 AND 2001)

2. NOTES PAYABLE: (Continued)

Holder	Maturity Date	Interest Rate	Secured In	Amount	Current	Long-Term
Gulf Coast Office Products, Inc.	6/1/03	7.00%	Copy Machine	\$ 10,104	\$ 1,235	\$ 8,869
GMAC	4/30/04	5.90%	Auto	<u>9,700</u>	<u>5,204</u>	<u>4,496</u>
				<u>\$209,000</u>	<u>\$426,756</u>	<u>\$100,050</u>

At June 30, 2002, the Center had a \$30,000 line of credit with Hibernia National Bank. The balance due on the line of credit at June 30, 2002 was \$47,800, as detailed above.

Louise S. Davis Developmental Center, Inc. was indebted to the following as of June 30, 2001:

Holder	Maturity Date	Interest Rate	Secured In	Amount	Current	Long-Term
Hibernia National Bank	Demand	8.90%	Building	\$ 737,483	\$ 737,483	\$ —
Hibernia National Bank	10/01/26	7.625%	Building	94,425	884	93,541
Hibernia National Bank	Demand	9.50%	Building	45,974	45,974	—
Hibernia National Bank	Demand	7.15%	Building	1,000	1,000	—
Gulf Coast Office Products, Inc.	6/1/03	7.00%	Copy Machine	13,684	1,580	10,104
GMAC	4/30/04	5.90%	Auto	<u>14,088</u>	<u>4,086</u>	<u>9,702</u>
				<u>\$912,014</u>	<u>\$789,647</u>	<u>\$113,367</u>

LOUISE S. DAVIS DEVELOPMENTAL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002 AND 2001

2. NOTES PAYABLE- (Continued)

At June 30, 2001, the Center had a \$90,000 line of credit with Hibernia National Bank. The balance due on the line of credit at June 30, 2001 was \$1,808, as detailed above.

Total interest expense for the years ended June 30, 2002 and 2001 was \$82,917 and \$76,199, respectively. Maturities of notes payable are as follows:

<u>Year Ended June 30</u>	
2003	\$ 828,758
2004	9,581
2005	5,005
2006	1,788
2007	1,907
Thereafter	84,783
	<u>\$ 924,822</u>

3. COMMITMENTS AND CONTINGENCIES:

The Center receives a substantial amount of its support from the federal government passed through the State of Louisiana. A significant reduction in the level of this support, if this were to occur, may have an effect on the Center's programs and activities.

4. LEASES:

Operating

The Center leases a car under a three-year operating lease that commenced on January 7, 2000. Monthly payments of \$298 are scheduled through January 2003. Total lease expense for the year for the years ended June 30, 2002 and 2001 was \$4,008 and \$1,400, respectively.

The Center leases a postage machine at \$133 per quarter under a lease expiring March 2004, a computer at \$72 per month expiring January 2006 and a copier at \$42 per month expiring December 2005. Total equipment lease expense for the years ended June 30, 2002 and 2001 was \$1,645 and \$389, respectively.

Future minimum lease payments for operating leases are as follows:

<u>Year Ended June 30</u>		<u>Amount</u>
2003		\$ 1,878
2004		1,758
2005		1,484
2006		<u>814</u>
		<u>\$ 5,934</u>

LOUISE S. DAVIS DEVELOPMENTAL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002 AND 2001

4. LEASES: (Continued)

Capital:

The Center has acquired a copier with a cost of \$16,127, an automobile with a cost of \$11,681 and two vans which cost \$27,455 and \$20,365 under capital leases. (See Note 2 for disclosure of the lease terms). Amortization of the leased assets is included in depreciation expense. During the year ended June 30, 2001, the capital leases ended for the automobile and the van which cost \$28,365.

5. CASH DEPOSITS IN EXCESS OF INSURED LIMITS:

The Center maintains cash balances at several financial institutions located in the New Orleans area. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. At June 30, 2002 and 2001, the Center's uninsured cash balances totaled \$96,061 and \$-0-, respectively.

6. PROVIDER FEES:

The State of Louisiana Department of Health and Hospitals imposes a provider fee for Intermediate Care Facility services. For the years ended June 30, 2002 and 2001, the fees incurred were \$115,083 and \$134,253, respectively. For the Center and \$72,185 and \$73,930, respectively, for the community homes.

7. USE OF ESTIMATES:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

8. ACCRUED LEAVE PAYABLE:

Employees of the Center accrue vacation and sick leave on a monthly basis. Vacation leave must be used within twelve months of the time it is earned. Unused vacation leave at calendar year end may be compensated at fifty percent of employer's current salary, not to exceed thirty days. Employees are allowed to carry over up to twelve hours sick leave to the next calendar year. At termination of employment, employees are not compensated for unused sick leave. At June 30, 2002 and 2001, vacation and sick leave was accrued in the amount of \$49,377 and \$36,496, respectively.

LOUISE S. DAVIS DEVELOPMENTAL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002 AND 2001

9. DAIR FROM ESTATE:

The Center was named as a beneficiary of an estate during the year ended June 30, 2000. The market value of the Center's portion of the estate was \$172,091. The Center received a cash distribution of \$172,051 in August 2001.

10. CONTRIBUTED SERVICES:

The value of donated legal services included as a contribution and an expense for the years ended June 30, 2002 and 2001 was \$-0- and \$3,175, respectively.

11. SUBSEQUENT EVENT:

In July 2002, the Center sold the property where the educational services and a portion of the residential services are performed for \$2,000,000. The sale of the property resulted in a gain of approximately \$1,200,000. The related debt on the property was paid in full. The Center is moving the property from the purchaser until new premises for the Center are obtained. The services performed by the Center will continue without interruption during the relocation.

LOUISE S. DAVIS DEVELOPMENTAL CENTER, INC.
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON A FINANCIAL STATEMENT AUDIT PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED JUNE 30, 2002

September 3, 2002

Board of Directors
Louise S. Davis Developmental Center, Inc.
11119 Lake Forest Blvd.
New Orleans, LA 70427

We have audited the financial statements of the Louise S. Davis Developmental Center, Inc. (the Center), as of and for the year ended June 30, 2002, and have issued our report thereon dated September 3, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Center's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 02-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

This report is intended for the information of the Board of Directors and management of Louise S. Davis Developmental Center, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Duplantis, Hopmann, Hagan & Maher, LLP

LOUISE S. DAVIS DEVELOPMENTAL CENTER, INC.
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2002

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of Louise S. Davis Developmental Center, Inc. for the year ended June 30, 2002 was unqualified.
2. Internal Control
Material weaknesses: none noted
Reportable conditions: one instance noted
3. Compliance
Noncompliance material to financial statements: none noted

FINDINGS REQUIRED TO BE REPORTED UNDER GOVERNMENTAL AUDITING
STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA:

Closure of Accounting Records (82-1)

As part of the Center's internal control system, the monthly accounting records should be closed on a timely basis. This includes recording of journal entries, reconciliation of bank accounts and reconciliation of accounts payable and client personal goods subsidiaries to the general ledger. Performance of this control ensures that all transactions are recorded properly in the general ledger.

Many of these functions were not performed on a timely basis during the year ended June 30, 2002. The Center lacked adequate personnel to perform these functions. The balances in many general ledger accounts were incorrect due to batches posted to the wrong period, errors in account coding and information transferred improperly during an update of the accounting software. If the accounting records had been closed and reconciled on a timely basis, the errors could have been corrected monthly.

We recommend that the accounting records of the Center be closed on a timely basis. The Center is in the process of implementing procedures in the accounting department to ensure timely closure of the accounting records.

SUMMARY OF PRIOR YEAR FINDINGS:

None

Louise S. Davis Developmental Center

A Non-Profit and a Non-Accredited Training Center for Persons with Developmental Disabilities

TELEPHONE 504-345-1022

FAX 504-345-0830

September 7, 2002

Legislative Auditor
State of Louisiana
P.O. Box 94987
Baton Rouge, Louisiana 70804-9497

Dear Sir or Madam,

Following is the Corrective Action Plan for Audit finding #3-1, reported in our audit report for the year ending June 30, 2002:

We have addressed this finding by hiring new personnel in the accounting department and implementing a checklist of closing procedures to be performed on a monthly basis.

Should you require further information, please do not hesitate to contact me.

Very Truly Yours,



John D. Burke
Administrator

JDB/ak